

## **complaint**

This complaint concerns a regular premium payment protection insurance ("PPI") policy sold in conjunction with a credit card in September 2006. Mrs A says that The Royal Bank of Scotland Plc ("RBS") mis-sold the policy.

## **background**

Our adjudicator initially concluded that the policy was mis-sold due to RBS not making the optional nature of the policy clear to Mrs A. However, RBS submitted further testimony about this and the complaint was reassessed in light of a credit agreement that Mrs A completed. The adjudicator then changed her assessment and recommended that Mrs A's complaint not be upheld. Mrs A does not agree with this view and so the matter has been referred to me for a final decision.

## **my findings**

I have carefully considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. In doing so I have taken into account any relevant regulatory rules, the law and good industry practice at the time the policy was sold.

The relevant considerations in this case are materially the same as those set out in our well established general approach to complaints about the mis-sale of PPI, which is published on our website.

The key issues that I need to consider therefore are:

- whether RBS gave Mrs A information that was clear, fair and not misleading in order to put her in a position where she could make an informed choice about the insurance that she was buying; and
- whether, in giving any advice or recommendation, RBS took adequate steps to ensure that the product it recommended was suitable for Mrs A's needs.

If RBS did something wrong when selling the policy, I will then consider whether Mrs A would have acted differently if it had not done so.

### was the policy presented as optional to Mrs A and did she consent to its addition?

Mrs A has complained that the optional nature of the policy was not made clear to her and that it was added onto her account without her knowledge or consent. She says that she did not mark the box for PPI and that this was pre-ticked.

In order to assess this issue I have looked at the credit agreement. It's agreed between the parties that this was an internet sale – and it seems that this credit agreement was provided to Mrs A following her application for the card online. I say this because at the top of the agreement it says "thank you for using our website to submit your application".

On page three of this agreement, there is a box offering 'Payment Protection' and 'Card Registration' with tick boxes next to these. I can see that there is a tick in the box for PPI and that Mrs A has signed just beneath this. Mrs A says that it is clear from the credit agreement

that the option for PPI was pre-ticked. I disagree. It doesn't appear to me that this tick has been pre-populated. And if the agreement came to Mrs A with this box already ticked, I would have expected her to query this and at the very least, not to have signed underneath the tick, confirming her desire to buy the product. Furthermore, the fact that the insurance is clearly described as "optional" just below her signature leads me to believe that Mrs A would have been aware, or ought reasonably to have been aware that this was an optional product and that she was not obligated to buy it. Had she felt obligated to buy any of these products, one would have expected her to also tick for 'Card Registration' as this is set out in the same way. But I note she has not opted for this product, just PPI.

So I think in light of the evidence, it would have been clear to Mrs A that PPI was optional and not compulsory with the card. And I can't see any evidence that PPI was added without her knowledge – I think it more likely that she ticked and signed for PPI and has since forgotten this.

#### was advice given by RBS?

There is some dispute in this case as to whether advice was given during the sale. RBS says that it was not but Mrs A says that it was. Having looked closely at the evidence and sales documentation, I can't see anything to suggest that advice was given by RBS nor that any personal recommendation tailored to Mrs A's particular circumstances was given. I have also borne in mind that this was an internet sale and therefore probably completed by Mrs A in her own time, so I think it unlikely that advice was given.

#### were Mrs A's information needs met?

As I don't consider this to have been an advised sale, it was not RBS' responsibility to ensure that the policy was suitable for Mrs A – rather this was Mrs A's responsibility. RBS did, however, need to ensure that it provided information that was clear, fair and not misleading so that Mrs A could make an informed choice about whether to buy the policy or not.

Mrs A says that RBS did not do this. She says there was no reference to terms and conditions when she made her initial application over the internet. RBS says that a policy document would have been provided to Mrs A that set out all the terms and conditions, albeit it doesn't say when. It hasn't provided copies of the internet shots that Mrs A may have seen so I can't be satisfied that Mrs A was provided with these terms and conditions at the point of sale.

The credit agreement makes some reference to the cost of the policy but I don't think that this or any of the documents RBS says were provided to Mrs A sufficiently met her information needs. In particular, although the cost of the policy is set out as 79p per £100 of outstanding balance, I don't think it would have been clear to Mrs A that she would have to keep on paying the premiums during any successful claim or that these premiums attracted interest. This would have reduced the value of the policy and I think this would have made it difficult for Mrs A to work out the true cost of the policy based on her future expenditure.

So I consider that there were failings by RBS in the information that it provided Mrs A with at the point of sale.

would Mrs A have made a different choice?

Although I think there were probably failings by RBS, it doesn't necessarily follow that I will uphold Mrs A's complaint as, having considered her circumstances at the time of sale, I don't believe that better information would have made any real difference to her decision to take out the policy. I say so for the following reasons:

- Mrs A was eligible for the policy as she was in employment and good health at the time of sale. So I can't see that she would have been caught by any of the significant limitations or exclusions such as unusual employment terms or pre-existing medical conditions which might limit the value of the policy to her or restrict her ability to make a successful claim.
- The PPI provided cover in the event that Mrs A was unable to work due to accident, sickness or unemployment. Mrs A has told this service that she would have received around three months sick pay from her employer at that time. But the policy provided cover for up to 12 months per claim and would have paid significantly more than her minimum credit card repayment each month. This would have been an enhancement to any existing employer benefits and also covered redundancy. So although there may have been some duplication of cover in the first three months, Mrs A would inevitably have had other household expenses to meet in the event that she was off sick or lost her job. The PPI was intended to remove the additional pressure of maintaining her credit card repayments at what might otherwise be a difficult time financially.
- Mrs A has told this service that she had savings equivalent to six months of her salary at that time but this doesn't mean there wasn't a need for cover. Any savings would inevitably only last for a limited period and, again, may have been needed for existing household bills and expenses if she was not working.
- I understand the policy premium was around 79p per £100 of the outstanding balance and provided a 10% benefit. I haven't seen any evidence to suggest that this was unaffordable or unacceptable to Mrs A at that time. This was a relatively competitive price and benefit offered at the time for PPI and so I don't think that better information about these matters would have put her off buying the policy in her circumstances.
- The policy was flexible as it could be cancelled at any time with notice so I don't think further information about these cancellation terms would have affected her decision to take it out.
- I note what Mrs A says about not being given the option to purchase the PPI from elsewhere and not being asked about alternative products she might have. But RBS was under no obligation to make suggestions of more competitively priced products to its own. Its responsibility was to provide information about *this* policy. And as I consider this to be a non-advised sale, it was up to Mrs A to consider her existing benefits before opting for PPI.
- I have also considered what Mrs A says about it not being clear the policy only covered one person when the credit agreement was in joint names – but it wasn't in joint names and I think it would have been quite clear to Mrs A in these circumstances that the PPI would provide cover to her alone.

So although I do think that there were probably failings by RBS in the provision of information to Mrs A, I don't currently think additional information would have put her off buying the policy. For the reasons given above, I think there was a need for cover. And so even if Mrs A's information needs were not fully met, I think it more likely than not that she would still have taken the policy out.

It follows that I do not uphold this complaint.

**my final decision**

For the reasons set out above, my final decision is that I do not uphold Mrs A's complaint against The Royal Bank of Scotland Plc.

Rebecca Wood  
**ombudsman**